

CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No. 219/SM/2012

Subject : Delivery and settlement of day ahead transactions on Power Exchange on 30.7.2012 and 31.7.2012 due to even of grid failure.

Date of hearing : 27.11.2012

Coram : Dr. Pramod Deo, Chairperson
Shri S.Jayaraman, Member
Shri V.S.Verma, Member
Shri M.Deena Dayalan, Member

Respondents : Indian Energy Exchange, New Delhi
Power Exchange of India, Mumbai
Power System Operation Corporation Ltd., New Delhi
Northern Regional Power Committee, New Delhi
Western Regional Power Committee, Mumbai
Eastern Regional Power Committee, Kolkata
Southern Regional Power Committee, Bangalore
North Eastern Regional Power Committee, Shillong

Parties present : Shri V.V.Sharma, NRLDC
Shri S.K.Sonee, POSOCO
Shri V.K.Agarwal, POSOCO
Shri S.R.Narasimhan, NLDC
Shri S.S.Barapanda, NLDC
Miss Joyti Prasad, NRLDC
Shri S.C.Saxena, NLDC
Shri P.Pentayya, WRLDC
Shri B.S.Bairwa, NRPC
Shri Ajay Telgaonkar, NRPC
Shri Amit Kapur, Advocate, Essar
Miss Apoorva Misra, Advocate, Essar
Shri Sriroff, Advocate, Essar
Shri Nav Neeraj, PXIL
Shri Awasti, IEX
Shri Chandra Shekhar Bhat, PXIL
Shri J.Banadopadhyaya, ERPC
Shri V.D.Pande
Shri Ashes, GMR

Record of Proceedings

The Commission vide order dated 3.9.2012 had directed the Indian Energy exchange, Power Exchange of India Ltd., Power System Operation Corporation Ltd and Regional Power Committees of the concerned regions to explain in detail, how the financial clearing settlements of the transactions were affected on account of grid disturbance on 30.7.2012 and 31.7.2012 and how physical settlement of affected contracts have been carried out. The Commission also invited suggestion/improvements from all stakeholders on long term measures from system improvement perspective to handle of the such force majeure eventualities in the future.

2. The representative of Indian Energy Exchange (IEX) submitted that as per the directions of NLDC, trading schedules were not changed for market participants on 30.7.2012 as it would have affected the complete balance of settlement across the country. Therefore, deviations from the schedules in areas affected by grid disturbance were treated as UI deviation and settled at the UI rate. The representative of IEX further submitted that on 31.7.2012, schedules were revised to actuals from 1:00 PM onwards in accordance with NLDC's directions. Therefore, money was returned to all the market participants for the transactions beyond 1:00 pm. However, since the Exchange was able to inform the clients by 2:00 pm, the participants continued to draw as per their earlier schedule. Certain participants were had to suffer financial loss since the revision was affected retrospectively from 1:00 PM. Though the grid disturbance did not affect the whole country. As a result, but the schedule revision was applied across the whole country, some participants had to suffer. Also retrospective revisions of schedule from 1:00 PM lead to certain participants losing money. The representative of IEX suggested that in this particular case, the schedule revision should be from 2:30 PM instead of 1:00 PM. In case the Commission decides so, UI and REA settlement need to be revised.

3. The representative of IEX further submitted that IEGC was formulated taking into consideration large customers with revision taking place from 4th time block onwards who can be easily reached and communicated of the revision. With the change mix of participants in the national market where there are a large number of embedded state customers in case of collective transactions, the revision of schedule should be from 6th time block, so that there is sufficient time available to inform the participants about the revision. He submitted that on 1.8.2012, the day ahead market did not function as it was not certain when the complete grid would be restored. Since the grid disturbance did not affect western and southern region, there should be a provision to run the regional market in such cases.

4. Learned counsel of the Essar Electric Power Development Corporation Ltd. (EEDCL) submitted that the settlement of the transactions can be analyzed from three aspects namely, Security of the grid, Commercial/Energy Accounting and Compensation/ Penalties for deviation. After the grid failure, no intimation was received from the RLDC about any change in schedule. The schedules on the website of the RLDC / NLDC continued to remain the same, EEDCL adhered to these schedules diligently. The revision was done after 22 days in one case and in 2 days in other case. These are all retrospective revisions of the schedule. Learned counsel submitted that it would be grossly unfair and inequitable to say that EEDCL had deviated from the retrospectively revised schedules and therefore has to pay penalty. The schedules should have been revised just after the grid failure event at that point and this should have been communicated to them. Learned counsel further submitted that since such an event is unforeseen and there is a need for collective application of mind to improve the system, improvement the settlement of past and future transactions should be treated separately. Learned counsel submitted that there is a discrepancy in the 'time' stamps on the revision uploaded on the website of RLDC.

5. The representative of the Punjab State Power Corporation Ltd. (PSPCL) submitted that open access consumers of Punjab had purchased power from IEX on 30.7.2012 and 31.7.2012. However, they were unable to entirely utilize the same due to grid failure. Therefore, they should compensate for the transaction on 30.7.2012, as their schedules were not changed. However, they had to bear the UI penalty for the deviations on actual. The representative of PSPCL requested that the schedule for collective transaction for delivery date should be revised/cancelled during grid failure so as to avoid any ambiguity in payment of UI charges.

6. The representative of the Shree Cement Ltd. submitted that Shree Cement was directed to inject initial start up power into the grid on 31.7.2012 to help restore the grid. However, it has not been paid the black start fee as in case of like that paid ISGS. He submitted that generator have been paid at UI rate which is much lesser than their cost of generation and Shri Cement has injected power virtually for free. He submitted that Merchant Power Plants (MPP) should also be at par with ISGS for payment of black start power.

7. The representative of Power Exchange of India Limited (PXIL) submitted that he is in agreement with the submission made by IEX as the issues are common to both Power Exchanges. He requested the Commission to look into the possibility of auction being undertaken for regions unaffected by Grid failure. He submitted that PXIL had to refund charges on the next day of curtailment date to the affected members. As a result it faced a temporary funding/ liquidity burden since it received the money from NLDC after 13 days. He further submitted that Power Exchanges should be allowed to adjust the excess amount already paid to NLDC/SLDC from their future payments.



8. The representative of the National Load Despatch Centre (NLDC) submitted that the various transactions undertaken in the market could be viewed/categorized into three products, namely ISGS, Bilateral and Collective. He submitted that for any eventuality like grid failure, the action to be taken for ISGS and Bilateral transactions are defined in the relevant regulations. However, clarity is required in case of collective transactions. No revision was carried out for collective transactions on 30.7.2012 as individual source and sink are not identifiable. However, bilateral transactions were revised to actual as defined under relevant regulations. The information regarding the curtailment of the collective transactions was given to both the Power Exchanges telephonically immediately after the disturbance. This is followed by a written message at 13.10 hrs from NLDC to both the Power exchanges stating that all collective transactions stand curtailed at zero with effect from 1300 hrs till further notice. In continuation of first one, a second message was issued by NLDC at 1845 hrs informing the Power Exchanges that all transactions would remain curtailed till 2400 hrs of 31.7.2012. Further, it was also stated in this message that the collective transactions in the Power Exchanges were not cleared for delivery dated 1.8.2012. The representative of NLDC submitted that the NLDC has acted in accordance with relevant regulations. He further submitted that on 31.7.2012, a larger region was affected due to grid failure and schedule for all trades including Power Exchanges were revised, accordingly. He further submitted that if any amendment is carried out by the Commission, the same shall be followed.

9. After hearing the parties present, the Commission reserved order in the petition.

By the order of the Commission,



(T. Rout)
Joint Chief (Law)